



## **AUDIT COMMITTEE CHARTER**

### **I. Statement of Policy**

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of James River Group Holdings, Ltd. (the “Company”) to assist the Board in fulfilling its oversight responsibilities relating to (1) the integrity of the financial statements of the Company and its accounting and financial reporting process, (2) internal and external auditing and the independent auditor’s qualifications and independence, (3) the performance of the Company’s internal audit function, if applicable, and independent auditors, (4) the integrity of the Company’s systems of internal accounting and financial controls, and (5) the compliance by the Company with legal and regulatory requirements. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors, and management of the Company. In this role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the power to retain outside counsel, or other experts for this purpose.

### **II. Organization and Membership**

The members of the Committee shall be appointed by the Board of Directors and shall consist of no fewer than three members. The members of the Committee shall meet the independence and experience requirements of The Nasdaq Stock Market, Inc. and applicable law, including the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and the regulations promulgated thereunder. All members of the Committee must be able to read and understand fundamental financial statements at the time of their appointment. At least one member shall have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background resulting in financial sophistication. Further, at least one member of the Committee shall be an “audit committee financial expert,” as defined under the Exchange Act and the regulations promulgated thereunder, unless the Board shall have determined that the members of the Committee have sufficient expertise in financial statement oversight that such expert is not necessary, which determination shall be disclosed in the Company’s Annual Report on Form 10-K or annual proxy statement. No member of the Committee may serve simultaneously on the audit committee of more than two other public companies.

Committee members may be replaced by the Board at its discretion.

### III. Meetings

The Committee shall make regular reports to the Board.

At all meetings of the Committee, a majority of the Committee members shall be necessary to constitute a quorum for the transaction of business.

### IV. Committee Authority and Responsibility

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances and help ensure that the Company's accounting and reporting practices are in accord with all requirements and are of the highest quality. The following responsibilities of the Committee are set forth as a non-exhaustive guide to the duties of the Committee with the understanding that the Committee may supplement them as appropriate:

- The Committee shall oversee the Company's financial reporting process on behalf of the Board and regularly report the results of its activities to the Board.
- The Committee should take appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior.
- The Committee shall be directly responsible for the recommendation to the Company's shareholders of the appointment, retention, termination and compensation of (provided authorization to agree to such compensation is provided to the Committee by the Company's shareholders at each annual general meeting of the Company), and oversight of the work of, the independent auditor. The independent auditor shall report directly to the Committee.
- The Committee shall have the authority to engage independent counsel, accounting or other advisors to advise the Committee as it determines appropriate to assist in the full performance of its functions. The Committee shall set the compensation, and oversee the work, of any such advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to any such advisors.
- The Committee shall approve in advance all audit services and all non-audit services provided by the independent auditors based on policies and procedures developed by the Committee. The Company shall provide the Committee with appropriate funding, as determined by the Committee, to (i) compensate the registered public accounting firm engaged for the purpose of rendering an audit report or related work or performing other audit, review or attest services, (ii) compensate any advisers employed by the Committee, and (iii) reimburse the Committee for its administrative expenses.
- The Committee shall meet as often as it determines appropriate, but not less frequently than annually.
- The Committee may form and delegate authority to subcommittees when appropriate.

- The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
- The Committee shall meet with management, the internal auditors, if any, and the independent auditor in separate executive sessions as often as it determines appropriate, but not less frequently than annually.
- The Committee shall prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.
- The Committee shall annually review and reassess the adequacy of the Charter, and recommend any changes to the Board.

In carrying out its responsibilities, the Committee shall:

Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditor, prior to filing the Company's Annual Report on Form 10-K ("Form 10-K"), the Company's annual audited financial statements, including disclosures made in the Form 10-K and in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein.
2. Recommend to the Board, based upon a review of (a) the Company's audited financial statements and discussions with management and the independent auditor, and (b) a written statement provided by the independent auditor regarding its independence, whether the audited financial statements should be included in the Company's annual report on Form 10-K.
3. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to filing the Company's Quarterly Report on Form 10-Q, including the results of the independent auditor's reviews of the quarterly financial statements.
4. Review and discuss with the independent auditor the independent auditor's judgment as to the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements.
5. Obtain from the independent auditor a report of all critical accounting policies and practices, all alternative treatments of financial information that have been discussed with management and the ramifications of such alternate treatments, including the treatment preferred by the independent auditor, and all material communications between the independent auditor and management.
6. Review analyses prepared by management setting forth the significant financial reporting issues or judgments made in connection with the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

7. Approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors, management, or the internal auditors.
8. Discuss with management, prior to release, the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies.
9. Discuss with management and the independent auditor the effect of regulatory and accounting developments as well as off-balance sheet structures on the Company's financial statements.
10. Inquire of management, the internal auditor, and the independent auditor about any potential financial risks or exposures and assess the steps management should take or has taken to identify and minimize such risk.
11. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including the management letter provided by the independent auditor and the Company's response to that letter, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
12. Discuss with management, the internal auditor and the independent auditor the adequacy and effectiveness of the Company's internal controls.
13. Review with the Chief Executive Officer and the Chief Financial Officer the Company's disclosure controls and procedures and review management's conclusions about the effectiveness of such disclosure controls and procedures periodically; in no event shall such reviews be less than quarterly.
14. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for each of the Company's Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

#### Oversight of the Company's Relationship with the Independent Auditor

15. Meet with the independent auditors, with and without management present, to discuss the results of their examinations and provide sufficient opportunity for the independent auditors to meet privately with the members of the Committee.
16. Discuss with the independent auditors the overall scope and plans for their audit, including the adequacy of staffing and compensation.
17. Review the experience and qualifications of the senior members of the independent auditor team.

18. Obtain and review a report from the independent auditor at least annually regarding (a) the auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any issues raised in clause (b) above, and (d) all relationships between the independent auditor and the Company. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management and the internal auditor. The Committee shall present its conclusions to the Board and, if so determined by the Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the auditor.
19. Assure the rotation of the lead and concurring audit partner every five years and consider whether in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm itself on a regular basis.
20. Discuss with the national office of the independent auditor issues on which they were consulted by the Company's audit team and matters of audit quality and consistency as deemed necessary.
21. Meet with the independent auditors and the financial management to review the scope of the audit proposed for the current year and the audit procedures to be utilized, and at its conclusion, review the audit, including the comments or recommendations of the independent auditors.

#### Compliance Oversight Responsibilities

22. Obtain from the independent auditor assurance that it is not aware of any circumstances that would require reporting under Section 10A(b) of the Exchange Act.
23. Obtain reports from management and the Company's senior internal auditing executive that the Company is in conformity with applicable legal requirements and the Company's Code of Conduct and advise the Board with respect to such compliance.
24. The Committee shall maintain and administer a Whistleblower Policy for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
25. Review and approve all transactions or courses of dealing with persons related to the Company in accordance with the Company's Related Party Transactions Policy & Procedures, no less than annually, or as such transactions shall arise.

26. Review with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
27. Discuss with the Company's counsel legal and regulatory matters that may have a material impact on the Company's financial statements, and compliance policies and programs, including corporate securities trading policies.
28. Perform any other activities consistent with this Charter as the Committee or the Board may deem necessary or appropriate.

### **Limitation of Committee's Role**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. Management is responsible for preparing the Company's financial statements, and the independent auditors are responsible for auditing those financial statements. It is not the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor, or to assure compliance with laws and regulations and the Company's Code of Conduct.